

Internal Revenue Service

Department of the Treasury

District
Director

Date: OCT 9 1984

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Ladies and Gentlemen:

We have completed consideration of your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that your activities consist of publishing a weekly community newspaper publicizing normal community events. During the calendar year [REDACTED], [REDACTED]% of your total revenue was derived from the sale of advertisements in your newspaper. In future years, you expect to receive approximately [REDACTED]% of your total support from the sale of advertisements. The newspaper is offered to the general public free of charge.

Section 501(c)(3) provides, in part, for the exemption of organizations organized and operated exclusively for charitable, literary, or educational purposes.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(c)(3), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. An organization that fails to meet either the organizational or the operational test is not exempt.

Revenue Ruling 60-351, 1960-2 C.B. 169 states that an organization publishing a foreign language periodical through regular commercial channels is operated primarily for business purposes even though the content of the magazine was of a high caliber and had a certain educational value.

The information available demonstrates that, like the organization described in Revenue Ruling 60-351, you publish a newspaper of a commercial nature. The fact that the newspaper is run by a volunteer staff does not change the nature of the organization. Publishing a newspaper, although it is offered free of charge, and although it is run by an unpaid staff, is still a commercial enterprise. Your provision that it publicizes police and fire reports, monthly selectmen meetings, historical and library information, a community calendar, and religious and fraternal meetings does not demonstrate that the newspaper is exclusively charitable, literary, or educational.

Accordingly, we conclude that you are not operated exclusively for purposes described in section 501(c)(3). Therefore, you are not exempt from Federal income tax under that section. You are required to file Federal income tax returns on Form 1120. Contributions to you are not deductible under section 170 of the Code.

If you do not accept our findings, you may request a conference with a member of our Regional Office Conference Staff. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or, if you request, at any mutually convenient District Office. A self-addressed envelope is enclosed.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

In the event this letter becomes our final action, as provided in section 6104(c) of the Internal Revenue Code of 1954 and applicable regulations, the appropriate State Officials will be notified of our determination.

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If we do not hear from you within 30 days, this determination will become final.

Sincerely yours,

[REDACTED]

District Director

Enclosure: Publication 892